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8-7-2006

Mail Stop Comments Patents
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Response to request of comments: "Patent and Trademark Office Docket No.: PTO-P-2006-0034 - Size Standard for Purposes of United States Patent and Trademark Office Regulatory Flexibility Analysis for Patent-Related Regulations"

The SBA's definition of a small business concern is appropriate with regard to part (a). However, the part (b) portion specifying an entity "...which has not assigned, granted, conveyed, or licensed ... any rights in the invention..." to a large entity is not appropriate and should be deleted from the definition.

In no way does an invention license or other agreement between a small entity and a large entity automatically or even typically result in substantial or immediate income to the small entity. Very often small entities never receive any additional income from the large entity in such arrangements.

But in most cases the small entity retains financial responsibility for patent prosecution and maintenance fees, and therefore faces an immediate doubling of USPTO costs without any additional resources beyond those it has already as a small business.

Whereas, if the large entity obtains full patent rights for a small entity's invention, including patent prosecution and maintenance fee responsibility, then the large entity would already be required to pay full, large entity fees to the USPTO under current regulations (or those regulations can be modified to do so).

Moreover, if the invention license or other agreement is later terminated, as frequently occurs, it is often the case the termination agreement allows the large entity to retain some rights, however minor, without further payment; and/or the termination agreement is of sufficient complexity that clarity sufficient to overcome plausible changes of inequitable conduct against the small entity by a third party against which the invention patent rights might later be asserted is not possible. In both cases the small entity is forced to pay large entity fees even without any definite ongoing license or other agreement with a large entity, if the part (b) portion of the SBA definition is retained.

Finally, the very brief comment period from July 6th to August 7th does not provide sufficient time for this complex issue to be properly considered. Furthermore, the Federal Register is definitely not an appropriate means of communication with small business, especially independent inventors, virtually none of whom routinely read it; other channels must be utilized in this instance.

In addition, the USPTO should undertake a formal study of the issue with the cooperation of the SBA and directly involving a sufficiently representative number of members of the small business patent community. And at least one public hearing should be held to help insure that affected parties be given the opportunity to communicate interactively with officials of the PTO.

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